

January 9, 1998

**MEDICAL CARE COLLECTIONS FUND (36X5287)**

**1. PURPOSE:** This Veterans Health Administration (VHA) Directive provides policy and procedures for the Medical Care Collections Fund (MCCF).

**2. BACKGROUND**

a. Public Law (Pub. L.) 99-272, the Veterans Health Care Amendments of 1986, gave the Department of Veterans Affairs (VA) authority to bill health insurance companies for healthcare provided to nonservice-connected veterans who have private health insurance. This legislation also authorized the Department of Veterans Affairs (VA) to collect copayments from nonservice-connected veterans based on income.

b. Pub. L. 101-508, the Omnibus Budget Reconciliation Act of 1990, established the Medical Care Cost Recovery (MCCR) special fund account. This act authorized collection from health insurers of the cost of treating service-connected veterans for nonservice-connected illnesses; established per diem and copayments for hospital and nursing home for nonservice-connected veterans; and established a \$2 copayment for each 30-day supply of medication for all nonservice-connected veterans for the treatment of any disability or condition and for veterans with service-connected disabilities rated 40 percent or less for the treatment of their nonservice-connected disability or condition. The MCCR account was also allowed to provide for the expense of billing and collecting for specific medical services. MCCR funds, less the next fiscal year funding requirements, were to be transferred to the Treasury Department no more than three months after the close of the fiscal year.

c. Pub. L. 105-33, Veterans Reconciliation Act of 1997, establishes the MCCF. Pub. L. 105-65, VA, Housing and Urban Development (HUD), and Independent Agencies Appropriations Act of 1998, provides for transfer of collections in the fund to the Medical Care Appropriation and the funds to remain available until expended. These funds are authorized to be used for any purpose that the Medical Care account can be used for and expands Medical Care authority to cover the expenses incurred in the billing and collection of services provided in the law.

**3. POLICY:** Effective October 1, 1997, no collections will be deposited to the MCCR account (36X5014). Effective October 1, 1997, receipts for providing medical service under specific provisions, listed below, will be deposited to MCCF (36\_5287.1). Only deposits and refunds of erroneous deposits will be applied to the MCCF account. No operating expenses will be charged to the MCCF account. The specific provisions are:

a. Title 38 U.S.C. 1729                      Health Plan Contracts – Third Party Reimbursements  
(formerly deposited in 36X5014).

Workers Compensation – Non Federal Workers  
Compensation (formerly deposited in 36X5014).

**THIS VHA DIRECTIVE EXPIRES ON SEPTEMBER 30, 1999**

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|------------------------------|---|
|                              | <u>No-fault Automobile Insurance</u> – MCCR Reimbursable (formerly deposited in 36X5014).   |
| b. Title 38 U.S.C. 1710 (f)  | <u>Inpatient Copayments</u> – General Funds Receipt (formerly deposited in 36_2431).  |
| c. Title 38 U.S.C. 1710(g)   | <u>Outpatient Copayments</u> – General Funds Receipt (formerly deposited in 36_2431).   |
| d. Title 38 U.S.C. 1711      | <u>Ineligibles/Humanitarian</u> – Medical Care (formerly deposited in 36_0160).   |
| e. Title 38 U.S.C. 1722A     | <u>Medication Copayments</u> – MCCR Reimbursement (formerly deposited in 36X5014).  |
| f. Title 42 U.S.C. 2651-2653 | <u>Tort Feasor Recoveries</u> – (Federal Medical Care Recovery Act, 42 U.S.C. 2651-2653) Both Non-Titled 38 (formerly deposited in 36_0160) and Title 38 (formerly deposited in 36X5014). |

**4. ACTION:** Provisions of this directive are effective October 1, 1997, start of Fiscal Year 1998.

a. Transfer of funds from MCCF to Medical Care will be accomplished in VHA Headquarters (HQ). Each Veterans Integrated Service Network (VISN) will be allocated in no-year Medical Care funds its proportionate share of all such funds based on its percentage share of total collections, adjusted for refunds, into MCCF. The funds will be made available to the VISNs on a monthly basis. The monthly allocation will be in arrears; that is, the monthly allocation will represent the previous month's collections. The MCCR collections in the last quarter of Fiscal Year 1997 will be transferred to Medical Care and then allocated in the same manner during the first quarter of Fiscal Year 1998.

b. The no-year Medical Care funds may incur obligations for the same purposes, except for employee travel (007), as apply to amounts appropriated for that fiscal year for Medical Care. The limitation on employee travel (007) will continue to be controlled through the annual Medical Care account.

**5. REFERENCES**

- a. Pub. L. 105-33.
- b. Pub. L. 105-65.

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**6. FOLLOW-UP RESPONSIBILITY:** Director, Resource Allocation and Execution (172), is responsible for the contents of this directive.

**7. RESCISSION:** This VHA Directive will expire on September 30, 1999.

T. Garthwaith for  
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Under Secretary for Health

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